

Coins

Great bills of fire! Daily, millions go up in smoke

By Roger Boye

EACH WEEKDAY, employes of the Federal Reserve Bank of Chicago burn a stack of wornout currency that would stretch more than halfway up the John Hancock Center.

That stack is made up of at least 800,000 pieces of dirty greenbacks that are burned under "highly secure methods," said Daniel P. Kinsella, the bank's assistant vice president in charge of the cash department.

Although he wouldn't talk about many of the fine points of old-currency destruction, Kinsella did describe the general procedure for burning at least \$4 million a day, a procedure that is quite rigorous.

For example, employes who handle currency usually work in teams of two, and their work is closely supervised and audited. To gain access to the work area, which is from one to three levels below ground at the bank offices, 230 S. La Salle St., a visitor must pass through at least three guarded checkpoints.

In these secluded work areas, bank employes check the currency that comes into the Federal Reserve from commercial banks, and they take out those bills considered unfit for circulation. That's no small job, because last year, for example, the Chicago bank received more than 600 million pieces of currency worth \$4.5 billion.

"Nearly a third of the bills we look

at are too worn for circulation," Kinsella said. The Federal Reserve considers a bill unworthy if it falls limp when held parallel with the ground, or if it is excessively torn or soiled.

Of course, not all bills wear out at the same pace. For example, at least 40 per cent of the \$1 bills checked in the bank are found to be unfit, but only 15 or 20 per cent of the \$20 bills fail the wear test, Kinsella says.

The reason is that the lower denomination bills receive much more use and wear out much faster than bills of higher denominations. (One exception to that rule of thumb is the \$2 bills, which have failed to circulate.) A \$1 bill will last from 15 to 18 months, on the average, while a \$20 bill will stay in circulation for four years.

Once the unfit bills are segregated, they are punched and cut in half lengthwise, with the upper and lower halves burned separately. The majority of Federal Reserve banks and branches burn old currency, although some shred or mill bills.

Meanwhile, the currency deemed worthy for circulation is placed into sophisticated machines that count bills at a rate of 300 a minute and also identify counterfeits. Workers then put bands around the stacks of "fit" bills coming out of the counting machines.

The burned bills are, in effect, replaced as needed by new bills the Federal Reserve receives from the Bureau of Engraving and Printing.